

## **BUSINESS PROCESS IV**

### **GUARANTOR AND LENDER PAYMENTS**

**SUMMARY:** Under this process, ED makes payments to guarantors and lenders participating in the Federal Family Education Loan Program (FFELP). These payments support lender and guarantor services to borrowers.

In federal fiscal year 1998, ED authorized payments to guarantors in excess of \$2.4 billion and payments to lenders in excess of \$2 billion. Currently, lenders (or their designated servicers) service a combined outstanding loan portfolio of about \$110 billion. In addition, guarantors paid about \$3 billion to lenders for borrower claims (includes default, death, disability, and bankruptcy claims).

There are about 6,100 lenders participating in the FFELP. The top 100 of these lenders make 80 percent of all loans to students and receive a similar percentage of all lender payments. Lenders request payment by submitting one or more Form 799s. Each quarter, ED receives about 7,000 Form 799s.

There are 37 active guarantors participating in the FFELP. Guarantors request payment by submitting a monthly Form 1189 and a quarterly Form 1130.

With the passage of the Higher Education Act amendments (HEA) in October 1998, ED will pay two new fees to guarantors beginning with fiscal year 1999. These fees will be calculated based on information submitted monthly by guarantors to the National Student Loan Data System (NSLDS).

**BUSINESS PROCESS GOAL:** To make accurate and timely payments to guarantors and lenders.

### **BUSINESS PROCESS DESCRIPTION**

The Guarantor and Lender Payments Business Process consists of three major sub-processes.

**(1) Lender Payments:** ED makes interest benefit payments to lenders on loans for students who are in an in-school status and makes special allowance payments throughout the life the loans.

**(2) Guarantor Payments, and (3) Lender Claim Payments.** Under these two processes, guarantors receive the following fees:

- Reinsurance payments for claim reimbursements paid to lenders.
- Loan Processing and Issuance Fee (LPIF) calculated as a percent of the total principal amount of originated loans.
- Account Maintenance Fee (AMF) calculated as a percent of the original principal balance of guaranteed loans outstanding.

**Process steps:**

1. Payments to lenders are based on 799 forms (paper report or electronic transmission) filed by the lenders each quarter. Claim reinsurance payments to guarantors are based on receipt of 1189 forms (paper report) from guarantors each month. Guarantors submit loan detail information to NSLDS on a monthly basis that enables ED to calculate LPIF and AMF fees.
2. ED enters 799 and 1189 data into its FFEL system, edits the data, performs reasonability checks, and approves or denies payment. On a quarterly basis, ED calculates LPIF and AMF amounts using NSLDS data.
3. ED provides payment information to the Office of the Chief Financial Officer (OCFO) for financial management and payment certification.
4. OCFO certifies payments and forwards payment information to Treasury.
5. Treasury makes the payments.
6. Treasury provides ED with payment confirmation.

## **BUSINESS PROCESS CONTINUITY AND CONTINGENCY PLANS**

### **PLAN A**

**Potential Failure:** ED's FFEL system cannot process 799's received from lenders after January 1, 2000.

**Mitigation Plan:** ED will encourage lenders to submit their latest ED Form 799s by December 10, 1999, but no later than December 30, 1999, to avoid any potential failures that may occur with processing those forms after January 1, 2000.

**Contingency Plan:** ED will take the following actions:

1. ED will train Raytheon (contractor) staff to process 799's manually using PC-based database applications; and
2. ED will deliver 799 payment information on a disk to ED's Office of the Chief Financial Officer (OCFO).

**Assumptions:** The OCFO is able to process payment information and transmit it to Treasury for subsequent payment to lenders.

For more information, see **DETAILED CONTINGENCY PLAN A.**

## **PLAN B**

**Potential Failure:** ED's FFEL system cannot process 1130s received from guaranty agencies after January 1, 2000.

**Mitigation Plan:** ED will encourage guaranty agencies to submit their September quarter ED Form 1130s by December 1, 1999, but no later than December 30, 1999, to avoid any potential failures that may occur with processing those forms after January 1, 2000.

**Contingency Plan:** ED will train contractor staff to process 1130s manually, using PC-based database applications.

**Assumptions:** None identified.

For more information, see **DETAILED CONTINGENCY PLAN B.**

## **PLAN C**

**Potential Failure:** ED's FFEL system cannot process 1189s received from guaranty agencies after January 1, 2000.

**Mitigation Plan:** ED will encourage guaranty agencies to submit their September quarter ED Form 1189s by December 10, 1999 to avoid any potential failures that may occur with processing those forms after January 1, 2000.

**Contingency Plan:** ED will take the following actions:

1. ED will train contractor staff to process 1189's manually, using PC-based database applications; and
2. ED will deliver 1189 payment information on a disk to ED's OCFO (Office of the Chief Financial Officer).

**Assumptions:** The OCFO is able to process payment information and transmit it to Treasury for subsequent payment to guaranty agencies.

For more information, see **DETAILED CONTINGENCY PLAN C.**

## **PLAN D**

**Potential Failure:** Guaranty agencies cannot produce an 1189 after January 1, 2000.

**Contingency Plan:** ED will take the following actions:

1. ED will train contractor staff to pay reinsurance claims to a guaranty agency based on historical data.
2. ED will deliver 1189 payment information on a disk to ED's OCFO (Office of the Chief Financial Officer).

**Assumptions:** The OCFO is able to process payment information and transmit it to Treasury for subsequent payment to lenders.

For more information, see **DETAILED CONTINGENCY PLAN D**.

## **PLAN E**

**Potential Failure:** A guaranty agency cannot pay loan default claims to lenders.

**Mitigation Plan:** ED will issue a notice to guaranty agencies encouraging them to manually review default claims and pay lenders based on that review.

**Assumptions:** ED will temporarily not enforce the deadlines under §682.406(a)(8) for filing claims. Also, the plan assumes that guaranty agencies are able to receive the information needed to review the claims manually and otherwise have the capacity to review those claims.

No **DETAILED CONTINGENCY PLAN** is provided because this plan does not address an ED system failure.

## **DETAILED CONTINGENCY PLAN A**

This plan details the steps ED will take in the event that the FFEL system cannot process 799s received from lenders after January 1, 2000.

**Business Owner** *(This is the name of the business process owner with implementation authority.)*

Federal Family Education Loan Program Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

**I. Prerequisites** *(Activities that need to be completed on or before December 31, 1999, to implement the contingency plan.)*

1. The Lender Payments Liaison Manager developed EXCEL spreadsheet and ACCESS database applications that mirror ED Form 799 line items and calculations currently on the FFEL system.
2. The Business Resumption Team (Lender Payments team members) will train contractor staff on the newly-developed applications. In addition to reviewing paper ED Form 799s and entering data onto the database, Lender Payments team members and contractor staff will review each other's work for quality control purposes. Further, staff will save completed, manually-entered 799s on separate disks.
3. Lender Payments team members developed reports that sort 799 data by Lender ID and Common Account Number (CAN), project code, and object class.
4. Prior to testing, a number of contractor staff will train on the database applications for reviewing/entering data and running reports.
5. The Configuration Manager prepared a Task Order to secure sufficient contractor staff to assist ED in testing the database applications.
6. The Configuration Manager prepared a Task Order to secure a sufficient number of contractor staff to manually process 799s using the database applications. This will be a 'time and materials' contract, dependent upon the length of time it takes to repair a FFEL system failure.
7. Test the database applications for the top 60 lenders on at a site to be determined. Contractor staff will be trained on reviewing/entering data and running reports using the database applications.
8. ED will encourage lenders to submit the latest 799s by December 10, 1999. These reports will be the actual reports that lenders normally submit. ED is encouraging lenders to submit the reports no later than December 30, 1999.

**II. Zero-Day Strategy** *(In some instances it may be possible to minimize the risk of failure. The zero day strategy provides for risk reduction activities such as shutting down non-essential dependent processes to protect the critical process.)*

Detailed information about the Day-One Plan and Zero-Day Strategy for the FFEL system is maintained by Program System Services (PSS) as part of their Y2K preparation.

**III. Trigger Criteria** *(The criteria define the instance of failure, time required to initiate the contingency plan, and the time required to conduct other trigger activities.)*

**Trigger** *(An event or chain of events that signals the need to implement the contingency plan.)*

A failure in the FFEL system prevents routine processing of 799s.

**System Monitoring** (*Ongoing systems review process.*)

1. Contractor computer operators monitor the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems operation reports. (Greenville, TX and Falls Church, VA)
2. The contractor database administrator also monitors the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems output. (Falls Church, VA)
3. Lender Payments staff monitor 799 processing on an on-going basis. The monitoring entails reviewing interest payments reports to determine if there are unexplained reconciling problems within the FFEL system.

**Response Procedure** (*Procedures for notifying responsible parties of system failures.*)

1. The contractor database administrator, computer operators, or lender payments staff will notify the FFEL Systems Division (FFELSD) Y2K coordinator that a failure has occurred.
2. The FFELSD Y2K coordinator will notify the Federal Family Education Loan Program Branch Chief and Business Owner, of the degree and extent of the failure.
3. The Business Owner will notify the Configuration Manager and will advise the Lender Payments Liaison Manager to implement Plan A.

**Event Monitoring** (*Parties responsible for overseeing system repairs.*)

1. The Configuration Manager and the Lender Payments Liaison Manager will review system output daily.
2. The Configuration Manager will confer with the FFELSD Y2K coordinator and the contractor database administrator for progress updates daily.

**Failure Tolerance Threshold** (*The time ED will allow for system repairs to be completed before implementing the contingency plan.*)

14 days (ED will give preference to the 799s for the top 100 lenders to ensure that those lenders are certified for payment within 30 days).

**Implementation Timeframe** (*The time it will take to implement the contingency plan.*)

The contingency plan can be implemented in seven days.

**Go No-Go Decision Point** (*The last day by which the Business Owner must decide whether to proceed with the plan so that it can be implemented on the next day after the Failure Tolerance Threshold.*)

The Business Owner will decide whether to implement the plan no later than the close of business on the 7th day after the failure occurs.

**Notification Procedures** (*The actions ED will take to inform customers and partners of the system failure and the contingency plan requirements.*)

1. The Lender Payments Liaison Manager will notify the Student Loan Processing Center (SLPC), contractor staff, that Plan A has been implemented.  
The Lead Lenders Payments Analyst will notify lenders that Plan A has been implemented.
2. The Configuration Manager will advise the Office of Postsecondary Education (OPE) Customer Service Branch to post Plan A implementation status on ED's Web site.

#### **IV. Business Resumption Team** (*Identify and list roles and responsibilities of Lender Payments team members.*)

Business Owner  
FFELP Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Manage the overall activities associated with implementing the contingency plan and has the authority to commit ED resources. Responsible for updating senior ED management. Also monitors the status of system repairs and is responsible for ensuring overall coordination of Plan A activities between contractor and FFELP staff.*

Lender Payments Configuration Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for notifying OPE Customer Service Branch that Plan A has been implemented. Also responsible for monitoring Plan A progress and coordinating the day-to-day activities of contractor and Lender Payment staff, as*

*defined in the Task Order.*

Lender Payments Liaison Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Coordinate the activities between contractor staff and Lender Payments operations. Also responsible for monitoring funds availability and advising the Business Owner regarding status of plan costs.*

Lead Lender Payments Analyst  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for training contractor staff to use Lender Payments staff-provided manual databases. Also responsible for reviewing completed forms and advising the Lender Payments Liaison Manager on matters relating to any difficulties.*

Contractor Staff (*number, to be determined*)  
*Company, to be determined*  
*Site, to be determined*

*Responsible for manual data entry of ED Form 799 onto Lender Payments staff-provided and databases. Also responsible for reviewing and providing quality control of work completed.*

Computer Security Officer  
U.S. Department of Education  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for ensuring that the FFEL security standards are maintained during the repair of the FFEL system and/or implementation of the contingency plan.*

**V. Sequence of Required Activities** (*The activities that the Business Resumption Team will carry out in support of the contingency plan and after the Business Owner decides to implement the contingency plan.*)

1. The Lead Lender Payments Analyst will assure that all ED Form 799s in process

are moved to manual processing beginning on the day that the Business Owner decides to implement the contingency plan.

2. Contractor data entry operators will begin to review ED Form 799s for errors or missing data on day two of the plan implementation, then continuously throughout the contingency period.
3. Contractor data entry operators will return, by mail, as needed, any ED Form 799 to a lender for corrections.
4. Contractor data entry operators will enter data from the ED Form 799s onto the automated database applications beginning on day two of the plan implementation, then continuously throughout the contingency period.
5. Contractor data entry operators will verify information entered onto the database applications against the ED Form 799s beginning on day through two of the plan implementation, then continuously throughout the contingency period. The database applications will produce the calculation needed to create a payment.
6. Contractor data entry operators will produce production reports and OCFO report for monitoring the process and requesting payment beginning on day two of the plan implementation, then continuously throughout the contingency period. The reports will be submitted to The Configuration Manager.
7. Contractor data entry operators will produce quality control disks and backup disks for the OCFO beginning on day two of the plan implementation, then continuously throughout the contingency period. The disks will be stored in a secure area and forwarded to The Configuration Manager at the end of the contingency period.
8. The Lender Payments Liaison Manager will produce a report (sorted by lender payment amounts) to reconcile ED Form 799 data to the actual data provided by lenders beginning on day two of the plan implementation, then continuously throughout the contingency period.
9. Contractor data entry operators will deliver the disks (via e-mail or overnight mail) to The Configuration Manager beginning on day two of the plan implementation, then continuously throughout the contingency period. The Configuration Manager will deliver to OCFO and secure a receipt.
10. Upon notification from The Configuration Manager, contractor data entry operators will enter the OCFO receipt confirmation date on the database applications beginning on day five of the plan implementation, then continuously throughout the contingency period.
11. Contractor data entry operators will enter payment confirmation date on the database applications beginning on day seven of the plan implementation, then continuously throughout the contingency period.
12. The Lead Lender Payments Analyst and The Configuration Manager will maintain 'GA/Lender Y2K Payments Forms Processing and Input/Output' status tables throughout the contingency period.
13. The FFELSD Y2K coordinator will notify The Configuration Manager when automated, systems-generated payment files to OCFO may resume.

## **VI. Testing Plan** *(The activities ED will carry out before December 31, 1999,*

*to test the contingency plan.)*

## **1. Test Objectives**

To assure that the manual process using the database applications produces the same calculation as the current automated system and that the payment file format is accepted by OCFO system.

## **2. Test Approach**

- a. ED and contractor staff will perform a walk-through of the manual database data entry and review procedures.
- b. Contractor and ED staff will process 60 ED Form 799s manually and compare results of the manual processing to the automated results. A log will be maintained tracking form status.

## **3. Required Resources**

- a. Contractor and ED staff.
- b. PCs loaded with EXCEL and ACCESS software.

## **4. Personnel**

See Business Resumption Team, Part IV.

## **5. Schedules and Locations**

October, at ED headquarters and Unisys, McLean, Virginia.

## **6. Test Procedures**

Execute the Sequence of Required Activities, see Part V.

## **7. Expected Results and Exit Criteria**

The test is complete when the file is produced by manual process and sent to OCFO produces the same results as FFEL system processing.

## **DETAILED CONTINGENCY PLAN B**

This plan details the steps ED will take in the event that the FFEL system cannot process ED Form 1130s received from guaranty agencies after January 1, 2000.

**Business Owner** *(This is the name of the business process owner with implementation authority.)*

Federal Family Education Loan Program Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

### **I. Prerequisites** *(Activities that need to be completed on or before December 31, 1999, to implement the contingency plan.)*

1. The Lead Guarantor Payments Analyst developed EXCEL spreadsheet and ACCESS database applications that mirror ED Form 1130 line items and calculations currently on the FFEL system.
2. The Business Resumption Team (Guarantor Payments team members) will train contractor staff on the newly-developed applications. In addition to reviewing paper 1130s and entering data onto the database, Guarantor Payments team members and contractor staff will review each other's work for quality control purposes. Further, staff will save completed, manually-entered ED Form 1130s on separate disks.
3. Guarantor Payments team members will develop reports that sort 1130 data by guaranty agency and Common Account Number (CAN), project code, and object class.
4. Prior to testing, contractor staff will train on the newly-developed applications for reviewing/entering data and running reports.
5. The Configuration Manager prepared a Task Order to secure an adequate number of contractor staff to assist ED in testing the database applications.
6. The Configuration Manager prepared a Task Order to secure a sufficient number of contractors to manually process 1130s using the database applications. This will be a 'time and materials' contract, dependent upon the length of time it takes to repair an FFEL system failure.
7. Test the database applications using at least 15 1130s. Contractor staff will be trained on reviewing/entering data and running reports using the database applications.
8. ED will encourage guaranty agencies to submit by December 1, 1999, the September quarter 1130s. These reports will be the actual reports with correct data that guaranty agencies normally submit. ED is encouraging guaranty agencies, to the extent possible, submit the reports before January 1, 2000.

**II. Zero-Day Strategy** *(In some instances it may be possible to minimize the risk of failure. The zero day strategy provides for risk reduction activities such as shutting down non-essential dependent processes to protect the critical process.)*

Detailed information about the Day-One Plan and Zero-Day Strategy for the FFEL system is maintained by Program System Services (PSS) as part of their Y2K preparation.

**III. Trigger Criteria** *(The criteria define the instance of failure, time required to initiate the contingency plan, and the time required to conduct other trigger activities.)*

**Trigger** *(An event or chain of events that signals the need to implement the contingency plan.)*

A failure in the FFEL system prevents routine processing of 1130s.

**System Monitoring** *(Ongoing systems review process.)*

1. Contractor computer operators monitor the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems operation reports. (Greenville, TX and Falls Church, VA)
2. The contractor database administrator also monitors the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems output. (Falls Church, VA)
3. Guarantor Payments staff monitor 1130 processing on an on-going basis. The monitoring entails reviewing guarantor payments reports (including GAF003, the statement of accounts) to determine if there are unexplained reconciling problems within the FFEL system.

**Response Procedure** *(Procedures for notifying responsible parties of system failures.)*

1. The contractor database administrator, computer operators, or Guarantor Payments staff will notify the FFEL Systems Division (FFELSD) Y2K coordinator that a failure has occurred.
2. The FFELSD Y2K coordinator will notify the Federal Family Education Loan Program Branch Chief and Business Owner, of the degree and extent of the failure.
3. The Business Owner will notify the Configuration Manager and will advise the Guarantor Payments Liaison Manager to implement Plan B.

**Event Monitoring** *(Parties responsible for overseeing system repairs.)*

1. The Configuration Manager and the Guarantor Payments Liaison Manager will review system output daily.
2. The Configuration Manager will confer with the FFELSD Y2K coordinator and the contractor database administrator for progress updates daily.

**Failure Tolerance Threshold** (*The time ED will allow for system repairs to be completed before implementing the contingency plan.*)

14 days.

**Implementation Timeframe** (*The time it will take to implement the contingency plan.*)

The contingency plan can be implemented in two days.

**Go No-Go Decision Point** (*The last day by which the Business Owner must decide whether to proceed with the plan so that it can be implemented on the next day after the Failure Tolerance Threshold.*)

The Business Owner will decide whether to implement the plan no later than 12th day after a failure.

**Notification Procedures** (*The actions ED will take to inform customers and partners of the system failure and the contingency plan requirements.*)

1. The Guarantor Payments Liaison Manager will notify the Student Loan Processing Center (SLPC), contractor staff, that Plan B has been implemented.
2. The Guarantor Payments Analyst will notify guaranty agencies that Plan B has been implemented.
3. The Configuration Manager will advise the Office of Postsecondary Education (OPE) Customer Service Branch to post Plan B implementation status on ED's Web site.

#### **IV. Business Resumption Team** (*Identify and list roles and responsibilities of Guarantor Payments team members.*)

Business Owner  
FFELP Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Manage the overall activities associated with implementing the contingency plan and has the authority to commit ED resources. Responsible for updating senior ED management. Also monitors the status of system repairs and is responsible for ensuring overall coordination of Plan B activities between contractor and FFELP staff.*

Guarantor Payments Configuration Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for notifying OPE Customer Service Branch that Plan B has been implemented. Also responsible for monitoring Plan B progress and coordinating the day-to-day activities of contractor and Lender Payment staff, as defined in the Task Order.*

Guarantor Payments Liaison Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Coordinate the activities between contractor staff and Guarantor Payments operations. Also responsible for monitoring funds availability and advising the Business Owner regarding status of plan costs.*

Lead Guarantor Payments Analyst  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for training contractor staff to use Guarantor Payments staff-provided manual databases. Also responsible for reviewing completed forms and advising the Guarantor Payments Liaison Manager on matters relating to any difficulties.*

Guarantor Payments Analyst  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW

Washington, DC 20202

*Responsible for training contractor staff to use Guarantor Payments staff-provided manual databases.*

*Contractor Staff (number, to be determined)*

*Company, to be determined*

*Site, to be determined*

*Responsible for manual data entry of ED Form 1130s onto Guarantor Payments staff-provided databases. Also responsible for reviewing and providing quality control of work completed*

Computer Security Officer

U.S. Department of Education

7th and D Streets, SW

Washington, DC 20202

*Responsible for ensuring that the FFEL security standards are maintained during the repair of the FFEL system and/or implementation of the contingency plan.*

**V. Sequence of Required Activities** *(The activities that the Business Resumption Team will carry out in support of the contingency plan and after the Business Owner decides to implement the contingency plan.)*

1. The Guarantor Payments Analyst will assure that all 1130s in process are moved to manual processing beginning on the day that the Business Owner decides to implement the contingency plan.
2. Contractor data entry operators will review 1130s for errors or missing data beginning on day two of the plan implementation, then continuously throughout the contingency period.
3. Contractor data entry operators will return to guaranty agencies ED Form 1130s that need changes.
4. Contractor data entry operators will data enter information from 1130s into the database applications beginning on day two of the plan implementation, then continuously throughout the contingency period.
5. Contractor data entry operators will verify information entered in the database applications against ED Form 1130 beginning on day two of the plan implementation, then continuously throughout the contingency period.
6. The Lead Guarantor Payments Analyst will produce reports (sorted by guaranty agency) to reconcile 1130 data to actual data provided by the agencies beginning on day two of the plan implementation, then continuously throughout the contingency period.

7. The FFELSD Y2K coordinator will notify The Configuration Manager when automated systems processing may resume.

**VI. Testing Plan** *(The activities ED will carry out before December 31, 1999, to test the contingency plan.)*

**1. Test Objectives**

To assure that the manual process using the database applications produces the same calculation as the current automated system.

**2. Test Approach**

Contractor and ED staff will perform a walk-through of the manual processes, process approximately fifteen 1130s manually and compare results of the manual processing to the automated results. A log will be maintained tracking form status.

**3. Required Resources**

No special resources are required.

**4. Personnel**

See Business Resumption Team, Part IV.

**5. Schedules and Locations**

October, at ED headquarters and Unisys, McLean, Virginia.

**6. Test Procedures**

Execute the Sequence of Required Activities, see Part V.

**7. Expected Results and Exit Criteria**

The test is complete when the file is produced by manual produces the same results as FFEL system processing.

## **DETAILED CONTINGENCY PLAN C**

This plan details the steps ED will take in the event that the FFEL system cannot process 1189s received from guaranty agencies after January 1, 2000.

**Business Owner** *(This is the name of the business process owner with implementation authority.)*

Federal Family Education Loan Program Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

### **I. Prerequisites** *(Activities that need to be completed on or before December 31, 1999, to implement the contingency plan.)*

1. The Lead Guarantor Payments Analyst developed EXCEL spreadsheet and ACCESS database applications that mirror ED Form 1189 line items and calculations currently on the FFEL system.
2. The Business Resumption Team (Guarantor Payments team members) will train contractor staff on the newly-developed applications. In addition to reviewing paper 1189s and entering data into the database, Guarantor Payments team members and contractor staff will review each other's work for quality control purposes. Further, staff will save completed, manually-entered 1189s on separate disks.
3. Guarantor Payments team members will develop reports that sort 1189 data by guaranty agency and Common Account Number (CAN), project code, and object class.
4. Prior to testing, a number of contractor staff will train on the newly-developed applications for reviewing/entering data and running reports.
5. The Configuration Manager prepared a Task Order to secure an adequate number of contractor staff to assist ED in testing the database applications.
6. The Configuration Manager prepared a Task Order to secure a sufficient number of contractor staff to manually process 1189s using the database applications. This will be a 'time and materials' contract, dependent upon the length of time it takes to repair an FFEL system failure.
7. Test the database applications using at least 15 1189s. Contractor staff will be trained on reviewing/entering data and running reports using the database applications.
8. ED will encourage guaranty agencies to submit by December 10, 1999, the September quarter 1189s. These reports will be the actual reports with correct data that guaranty agencies normally submit. ED is encouraging guaranty agencies, to the extent possible, submit the reports before January 1, 2000.

**III. Zero-Day Strategy** *(In some instances it may be possible to minimize the risk of failure. The zero day strategy provides for risk reduction activities such as shutting down non-essential dependent processes to protect the critical process.)*

Detailed information about the Day-One Plan and Zero-Day Strategy for the FFEL system is maintained by Program System Services (PSS) as part of their Y2K preparation.

**III. Trigger Criteria** *(The criteria define the instance of failure, time required to initiate the contingency plan, and the time required to conduct other trigger activities.)*

**Trigger** *(An event or chain of events that signals the need to implement the contingency plan.)*

A failure in the FFEL system prevents routine processing of 1189s.

**System Monitoring** *(Ongoing systems review process.)*

1. Contractor computer operators monitor the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems operation reports. (Greenville, TX and Falls Church, VA)
2. The contractor database administrator also monitors the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems output. (Falls Church, VA)
3. Guarantor Payments staff monitor 1189 processing on an on-going basis. The monitoring entails reviewing guarantor payments reports (including GAF003, the statement of accounts) to determine if there are unexplained reconciling problems within the FFEL system.

**Response Procedure** *(Procedures for notifying responsible parties of system failures.)*

1. The contractor database administrator, computer operators, or Guarantor Payments staff will notify the FFEL Systems Division (FFELSD) Y2K coordinator that a failure has occurred.
2. The FFELSD Y2K coordinator will notify the Federal Family Education Loan Program Branch Chief and Business Owner, of the degree and extent of the failure.
3. The Business Owner will notify the Configuration Manager and will advise the Guarantor Payments Liaison Manager to implement Plan C.

**Event Monitoring** *(Parties responsible for overseeing system repairs.)*

1. The Configuration Manager and the Guarantor Payments Liaison Manager will review system output daily.
2. The Configuration Manager will confer with the FFELSD Y2K coordinator and the contractor database administrator for progress updates daily.

**Failure Tolerance Threshold** (*The time ED will allow for system repairs to be completed before implementing the contingency plan.*)

14 days.

**Implementation Timeframe** (*The time it will take to implement the contingency plan.*)

The contingency plan can be implemented in seven days.

**Go No-Go Decision Point** (*The last day by which the Business Owner must decide whether to proceed with the plan so that it can be implemented on the next day after the Failure Tolerance Threshold.*)

The Business Owner will decide whether to implement the plan no later than the 7th day after a failure.

**Notification Procedures** (*The actions ED will take to inform customers and partners of the system failure and the contingency plan requirements.*)

1. The Guarantor Payments Liaison Manager will notify the Student Loan Processing Center (SLPC), contractor staff, that Plan C has been implemented.
2. The Guarantor Payments Analyst will notify guaranty agencies that Plan C has been implemented.
3. The Configuration Manager will advise the Office of Postsecondary Education (OPE) Customer Service Branch to post Plan B implementation status on ED's Web site.

#### **IV. Business Resumption Team** (*Identify and list roles and responsibilities of Guarantor Payments team members.*)

Business Owner  
FFELP Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW

Washington, DC 20202

*Manage the overall activities associated with implementing the contingency plan and has the authority to commit ED resources. Responsible for updating senior ED management. Also monitors the status of system repairs and is responsible for ensuring overall coordination of Plan C activities between contractor and FFELP staff.*

Guarantor Payments Configuration Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for notifying OPE Customer Service Branch that Plan C has been implemented. Also responsible for monitoring Plan C progress and coordinating the day-to-day activities of contractor and Lender Payment staff, as defined in the Task Order.*

Guarantor Payments Liaison Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Coordinate the activities between contractor staff and Guarantor Payments operations. Also responsible for monitoring funds availability and advising the Business Owner regarding status of plan costs.*

Lead Guarantor Payments Analyst  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for training contractor staff to use Guarantor Payments staff-provided manual databases. Also responsible for reviewing completed forms and advising the Guarantor Payments Liaison Manager on matters relating to any difficulties.*

Guarantor Payments Analyst  
Financial Management Specialist  
U.S. Department of Education

ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for training contractor staff to use Guarantor Payments staff-provided manual databases.*

Contractor Staff (*number, to be determined*)  
*Company, to be determined*  
*Site, to be determined*

*Responsible for manual data entry of ED Form 1189s onto Guarantor Payments staff-provided databases. Also responsible for reviewing and providing quality control of work completed*

Computer Security Officer  
U.S. Department of Education  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for ensuring that the FFEL security standards are maintained during the repair of the FFEL system and/or implementation of the contingency plan.*

**V. Sequence of Required Activities** (*The activities that the Business Resumption Team will carry out in support of the contingency plan and after the Business Owner decides to implement the contingency plan.*)

1. The Lead Guarantor Payments Analyst will assure that all 1189s in process are moved to manual processing beginning on the day that Business Owner decides to implement the plan.
2. Contractor data entry operators will review 1189s for errors or missing data beginning on day two of the plan implementation, then continuously throughout the contingency period.
3. Contractor data entry operators will return, by mail, 1189s that need changes to guaranty agencies.
4. Contractor data entry operators will data enter information from 1189s into the database applications beginning on day two of the plan implementation, then continuously throughout the contingency period.
5. Contractor data entry operators will verify information entered in the database applications against ED Form 1189 beginning on day two of the plan implementation, then continuously throughout the contingency period. The database applications will produce the calculations needed to create a payment.
6. Contractor data entry operators will produce production reports and OCFO report for monitoring the process and requesting payment beginning on day two of

the plan implementation, then continuously throughout the contingency period. The reports will be submitted to The Configuration Manager.

7. Contractor data entry operators will produce quality control disks and backup disks for the OCFO beginning on day two of the plan implementation, then continuously throughout the contingency period. The disks will be stored in a secure area and forwarded to The Configuration Manager at the end of the contingency period.

8. The Guarantor Payments Liaison Manager will produce a report (sorted by guaranty agency payment amounts) to reconcile ED form 1189 data to the actual data provided by the agencies beginning on day two of the plan implementation, then continuously throughout the contingency period. The reports will be submitted to The Configuration Manager.

9. Contractor data entry operators will deliver the disks (via e-mail or overnight mail) to The Configuration Manager beginning on day two of the plan implementation, then continuously throughout the contingency period. The Configuration Manager will deliver to OCFO and secure a receipt.

10. Upon notification from The Configuration Manager, contractor data entry operators will enter OCFO receipt confirmation date onto the database beginning on day five of the plan implementation, then continuously throughout the contingency period.

11. Upon notification from The Configuration Manager, contractor data entry operators will enter payment confirmation date onto spreadsheet begin on day seven of the plan implementation, then continuously throughout the contingency period.

12. The Lead Guarantor Payments Analyst and The Configuration Manager will maintain 'GA/Lender Y2K Payments Forms Processing and Input/Output' status tables throughout the contingency period.

13. The FFELSD Y2K coordinator will notify The Configuration Manager when automated, systems-generated payment files to OCFO may resume.

## **VI. Testing Plan** *(The activities ED will carry out before December 31, 1999, to test the contingency plan.)*

### **1. Test Objectives**

To assure that the manual process using the database applications produces the same calculation as the current automated system.

### **2. Test Approach**

Contractor and ED staff will perform a walk-through of the manual processes, process approximately fifteen 1130's manually and compare results of the manual processing to the automated results. A log will be maintained tracking form status.

### **3. Required Resources**

No special resources are required.

#### **4. Personnel**

See Business Resumption Team, Part IV.

#### **5. Schedules and Locations**

October, at ED headquarters and Unisys, McLean, Virginia.

#### **6. Test Procedures**

Execute the Sequence of Required Activities, see Part V.

#### **7. Expected Results and Exit Criteria**

The test is complete when the file is produced by manual produces the same results as FFEL system processing .

## **DETAILED CONTINGENCY PLAN D**

This plan details the steps ED will take in the event that a guaranty agency cannot produce an 1189 after January 1, 2000.

**Business Owner** *(This is the name of the business process owner with implementation authority.)*

Federal Family Education Loan Program Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

### **I. Prerequisites** *(Activities that need to be completed on or before December 31, 1999, to implement the contingency plan.)*

1. The Guarantor Payments Liaison Manager will develop procedures to inform guaranty agencies about requesting payments based on historical data.
2. Prior-year guaranty agency data has been downloaded from the FFEL system.
3. The Lead Guarantor Payments Analyst developed EXCEL spreadsheet and ACCESS database applications that mirror ED Form 1189 line items and calculations currently on the FFEL system.
4. The Business Resumption Team (Guarantor Payments team members) will train contractor staff on the newly-developed applications. In addition to reviewing paper 1189s and entering data into the database, Guarantor Payments team members and contractor staff will review each other's work for quality control purposes.
5. Guarantor Payments team members will develop reports that sort 1189 data by guaranty agency and Common Account Number (CAN).
6. Prior to testing, contractor staff will train on the newly-developed applications for reviewing/entering data and running reports.
7. The Configuration Manager prepared a Task Order to secure an adequate number of contractor staff to assist ED in testing the database applications.
8. The Configuration Manager prepared a Task Order to secure a sufficient number of contractor staff to manually process 1189s using the database applications. This will be a 'time and materials' contract dependent upon the length of time it takes to repair an FFEL system failure.
9. Test the database applications using data from at least 15 1189s. Contractor staff will be trained on reviewing/entering data and running reports using the database applications.

### **II. Zero-Day Strategy** *(In some instances it may be possible to minimize the risk of failure. The zero day strategy provides for risk reduction activities such as shutting down non-essential dependent processes to protect the critical process.)*

A zero-day is not applicable because this plan deals with guaranty agency system failures, not ED's. However, this plan incorporates the steps that ED will take in the event that ED cannot routinely process or calculate reinsurance payments due to an FFEL system failure.

**III. Trigger Criteria** *(The criteria define the instance of failure, time required to initiate the contingency plan, and the time required to conduct other trigger activities.)*

**Trigger** *(An event or chain of events that signals the need to implement the contingency plan.)*

A guaranty agency notifies ED that it cannot produce an 1189.

**System Monitoring** *(Ongoing systems review process.)*

1. Contractor computer operators monitor the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems operation reports. (Greenville, TX and Falls Church, VA)
2. The contractor database administrator also monitors the system on an on-going basis. The monitoring entails screen review for batch processing and review of the systems output. (Falls Church, VA)
3. Guarantor Payments staff monitor 1189 processing on an on-going basis. The monitoring entails reviewing guarantor payments reports (including GAF003, the statement of accounts) to determine if there are unexplained reconciling problems within the FFEL system.

**Response Procedure** *(Procedures for notifying responsible parties of system failures)*

1. The contractor database administrator, computer operators, or Guarantor Payments Staff will notify the FFEL Systems Division (FFELSD) Y2K coordinator that a failure has occurred.
2. The FFELSD Y2K coordinator will notify the Federal Family Education Loan Program Branch Chief and Business Owner, of the degree and extent of the failure.
3. The Business Owner will notify the Configuration Manager and will advise the Guarantor Payments Liaison Manager to implement Plan D.

**Event Monitoring** *(Parties responsible for overseeing system repairs.)*

1. The Configuration Manager and the Guarantor Payments Liaison Manager will review system output daily.

2. The Configuration Manager will confer with the FFELSD Y2K coordinator and the contractor database administrator for progress updates daily.

**Failure Tolerance Threshold** (*The time ED will allow for system repairs to be completed before implementing the contingency plan.*)

40 days after the day ED is notified by a guaranty agency.

**Implementation Timeframe** (*The time it will take to implement the contingency plan.*)

The contingency plan can be implemented in seven days.

**Go No-Go Decision Point** (*The last day by which the Business Owner must decide whether to proceed with the plan so that it can be implemented on the next day after the Failure Tolerance Threshold.*)

The Business Owner will decide whether to implement the plan no later than 33 days after receiving notification from a guaranty agency.

**Notification Procedures** (*The actions ED will take to inform customers and partners of the system failure and the contingency plan requirements.*)

No external parties will be notified if a guaranty agency cannot produce an 1189.

#### **IV. Business Resumption Team** (*Identify and list roles and responsibilities of the Guarantor Payments team members.*)

Business Owner  
FFELP Branch Chief  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Manage the overall activities associated with implementing the contingency plan and has the authority to commit ED resources. Responsible for updating senior ED management. Also monitors the status of system repairs and is responsible for ensuring overall coordination of Plan D activities between contractor and FFELP staff.*

Guarantor Payments Configuration Manager  
Financial Management Specialist  
U.S. Department of Education

ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for notifying OPE Customer Service Branch that Plan D has been implemented. Also responsible for monitoring Plan D progress and coordinating the day-to-day activities of contractor and Lender Payment staff, as defined in the Task Order.*

Guarantor Payments Liaison Manager  
Financial Management Specialist  
U.S. Department of Education  
ROB-3, Room 5125  
7th and D Streets, SW  
Washington, DC 20202

*Coordinate the activities between contractor staff and Guarantor Payments operations. Also responsible for monitoring funds availability and advising the Business Owner regarding status of plan costs.*

Lead Guarantor Payments Analyst  
Financial Management Specialist  
U.S. Department of Education  
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*Responsible for training contractor staff to use Guarantor Payments staff-provided manual databases. Also responsible for reviewing completed forms and advising the Guarantor Payments Liaison Manager on matters relating to any difficulties.*

Guarantor Payments Analyst  
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Computer Security Officer  
U.S. Department of Education  
7th and D Streets, SW  
Washington, DC 20202

*Responsible for ensuring that the FFEL security standards are maintained during the repair of the FFEL system and/or implementation of the contingency plan.*

**V. Sequence of Required Activities** *(The activities that the Business Resumption Team will carry out in support of the contingency plan and after the Business Owner decides to implement the contingency plan.)*

1. After ED is notified by a guaranty agency that it cannot produce an 1189, the Business Owner will notify the Guarantor Payments Liaison Manager that a payment should be made. The contingency plan is implemented on that day.
2. Contractor data entry operators will enter historical data into the database application on day two of the plan implementation. The database application will produce calculation needed to create a payment.
3. Contractor data entry operators will produce production reports and OCFO reports for monitoring the process and requesting payment beginning on day two of the plan implementation, then as needed throughout the contingency period. The reports will be submitted to The Configuration Manager.
4. Contractor data entry operators will produce quality control disks and backup disks for the OCFO begin on day two of the plan implementation, then as needed throughout the contingency period. The disks will be stored in a secure area and forwarded to The Configuration Manager at the end of the contingency period.
5. Contractor data entry operators will deliver the disks (via e-mail or overnight mail to The Configuration Manager beginning on day two of the plan implementation, then as needed throughout the contingency period. The Configuration Manager will deliver to OCFO and will secure a receipt.
6. Upon notification from The Configuration Manager, contractor data entry operators will enter OCFO receipt confirmation date onto spreadsheet beginning on day five of the plan implementation, then as needed throughout the contingency period.
7. Upon notification from The Configuration Manager, contractor data entry operators will enter payment confirmation date onto spreadsheet beginning on day seven of the plan implementation, then as needed throughout the contingency period.

8. The Lead Guarantor Payments Analyst and The Configuration Manager will maintain 'GA/Lender Y2K Payments Forms Processing and Input/Output' status tables throughout the contingency period.
9. The FFELSD Y2K coordinator will notify The Configuration Manager when automated, systems-generated payment files to OCFO may resume.
10. After the guaranty agency restores its systems, it will submit an actual 1189. The Guarantor Payments Liaison Manager will produce a report to reconcile the historically-derived payment made to that agency to the payment amount calculated using actual data now provided by the agency.

**VI. Testing Plan** *(The activities ED will carry out before December 31, 1999, to test the contingency plan.)*

A testing plan is not required because ED will have tested the database application, OCFO acceptance of payment data, and payment to a guaranty agency in the Test Plan described under Detailed Contingency Plan C.